

**REPORT OF THE AUDIT OF THE  
WOODFORD COUNTY  
FISCAL COURT**

**For The Fiscal Year Ended  
June 30, 2003**



**CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS  
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## **EXECUTIVE SUMMARY**

### **AUDIT EXAMINATION OF THE WOODFORD COUNTY FISCAL COURT**

**For The Fiscal Year Ended  
June 30, 2003**

The Auditor of Public Accounts has completed the Woodford County Fiscal Court audit for fiscal year ended June 30, 2003. We have issued an unqualified opinion on the financial statements taken as a whole. Based upon the audit work performed, the financial statements are presented fairly in all material respects.

#### **Financial Condition:**

Fund balances decreased by \$391,064 from the beginning of the year, resulting in a cash surplus of \$1,642,945 as of June 30, 2003.

#### **Debt Obligations:**

Total bonded debt principal as of June 30, 2003, was \$10,160,000. Future collections of \$16,411,507 are needed over the next twenty-six years to pay all bonded debt principal and interest.

Capital lease principal agreements totaled \$305,000 as of June 30, 2003. Future principal and interest payments of \$501,151 are needed to meet these obligations.

#### **Deposits:**

The fiscal court's deposits were insured and collateralized by bank securities or bonds.



## CONTENTS

PAGE

INDEPENDENT AUDITOR’S REPORT .....	1
WOODFORD COUNTY OFFICIALS .....	3
STATEMENT OF ASSETS, LIABILITIES, AND EQUITY ARISING FROM CASH TRANSACTIONS .....	6
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES – GOVERNMENTAL FUND TYPE .....	12
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES – PROPRIETARY FUND TYPE .....	17
STATEMENT OF CASH FLOWS – PROPRIETARY FUND TYPE .....	21
NOTES TO FINANCIAL STATEMENTS .....	22
SUPPORTING SCHEDULES:	
COMPARATIVE SCHEDULE OF BUDGETED TO ACTUAL OPERATING REVENUE .....	33
SCHEDULE OF OPERATING REVENUE .....	37
COMPARATIVE SCHEDULE OF FINAL BUDGET AND BUDGETED EXPENDITURES .....	41
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS .....	45
REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 .....	49
SCHEDULE OF FINDINGS AND QUESTIONED COSTS .....	53
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS .....	57
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS .....	58
APPENDIX A:	
CERTIFICATION OF COMPLIANCE - LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM	





**CRIT LUALLEN**  
**AUDITOR OF PUBLIC ACCOUNTS**

To the People of Kentucky

Honorable Ernie Fletcher, Governor

Robbie Rudolph, Secretary

Finance and Administration Cabinet

Honorable Joe D. Gormley, Woodford County Judge/Executive

Members of the Woodford County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of assets, liabilities, and equity arising from cash transactions of Woodford County, Kentucky, as of June 30, 2003, the statement of cash receipts, cash disbursements, and changes in cash balances - governmental fund type; the statement of cash receipts, cash disbursements, and changes in cash balances - proprietary fund type; and the related statement of cash flows - proprietary fund type for the year then ended. These financial statements are the responsibility of the Woodford County Fiscal Court. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, Woodford County, Kentucky, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and equity as of June 30, 2003 of Woodford County, Kentucky, and the revenues received and expenditures paid and the cash flows of its enterprise fund for the year then ended, in conformity with the modified cash basis of accounting.



To the People of Kentucky  
Honorable Ernie Fletcher, Governor  
Robbie Rudolph, Secretary  
Finance and Administration Cabinet  
Honorable Joe D. Gormley, Woodford County Judge/Executive  
Members of the Woodford County Fiscal Court

In accordance with Government Auditing Standards, we have also issued our report dated February 9, 2004 on our consideration of Woodford County, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The accompanying financial information listed as supporting schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Woodford County, Kentucky. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen", written in a cursive style.

Crit Luallen  
Auditor of Public Accounts

Audit fieldwork completed -  
February 9, 2004



WOODFORD COUNTY OFFICIALS

For The Fiscal Year Ended June 30, 2003

**Fiscal Court Members:**

Joe D. Gormley	County Judge/Executive
Jackie Brown	Magistrate
James Staples	Magistrate
Bobby Gaffney	Magistrate
Tommy Turner	Magistrate
James Alcock	Magistrate
Charles Webber	Magistrate
Carl Rollins	Magistrate
Lewis "Buddy" McDannold	Magistrate

**Other Elected Officials:**

Alan George	County Attorney
Gary Gilkison	Jailer
Corine Woolums	County Clerk
Trisha Kittinger	Circuit Court Clerk
John Coyle	Sheriff
Jim Owen Gains	Property Valuation Administrator
Steve Ward	Coroner

**Appointed Personnel:**

Rebecca Wilson	County Treasurer
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STATEMENT OF ASSETS, LIABILITIES,  
AND EQUITY ARISING FROM CASH TRANSACTIONS

WOODFORD COUNTY  
STATEMENT OF ASSETS, LIABILITIES,  
AND EQUITY ARISING FROM CASH TRANSACTIONS

June 30, 2003

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>
<u>Assets and Other Resources</u>			
<u>Assets</u>			
Cash and Cash Equivalents	\$ 1,472,895	\$ 37,690	\$ 116,120
Total Assets	<u>\$ 1,472,895</u>	<u>\$ 37,690</u>	<u>\$ 116,120</u>
<u>Other Resources</u>			
Amounts To Be Provided in Future Years for:			
Capital Lease	\$	\$	\$ 305,000
Bond Payments			<u>10,043,880</u>
Total Other Resources	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 10,348,880</u>
Total Assets and Other Resources	<u><u>\$ 1,472,895</u></u>	<u><u>\$ 37,690</u></u>	<u><u>\$ 10,465,000</u></u>

The accompanying notes are an integral part of the financial statements.

WOODFORD COUNTY  
 STATEMENT OF ASSETS, LIABILITIES,  
 AND EQUITY ARISING FROM CASH TRANSACTIONS  
 June 30, 2003  
 (Continued)

Proprietary Fund Type	Totals (Memorandum Only)
<u>Enterprise</u>	
\$ 21,242	\$ 1,647,947
\$ 21,242	\$ 1,647,947
\$	\$ 305,000
	10,043,880
\$ 0	\$ 10,348,880
\$ 21,242	\$ 11,996,827

The accompanying notes are an integral part of the financial statements.

WOODFORD COUNTY  
 STATEMENT OF ASSETS, LIABILITIES,  
 AND EQUITY ARISING FROM CASH TRANSACTIONS  
 June 30, 2003  
 (Continued)

	Governmental Fund Types		
	General	Special Revenue	Debt Service
<u>Liabilities and Equity</u>			
<u>Liabilities</u>			
Capital Lease (Note 5)	\$	\$	\$ 305,000
Bonds:			
Series 1968 (Note 4A)			130,000
Series 1993 (Note 4B)			2,100,000
Series 1997 (Note 4C)			3,395,000
Community Center (Note 4D)			4,535,000
Total Liabilities	\$ 0	\$ 0	\$ 10,465,000
<u>Equity</u>			
Retained Earnings	\$	\$	\$
Fund Balances:			
Reserved	5,002	37,690	
Unreserved	1,467,893		
Total Equity	\$ 1,472,895	\$ 37,690	\$ 0
Total Liabilities and Equity	\$ 1,472,895	\$ 37,690	\$ 10,465,000

The accompanying notes are an integral part of the financial statements.

WOODFORD COUNTY  
 STATEMENT OF ASSETS, LIABILITIES,  
 AND EQUITY ARISING FROM CASH TRANSACTIONS  
 June 30, 2003  
 (Continued)

Proprietary Fund Type	Totals (Memorandum Only)
<u>Enterprise</u>	
\$	\$ 305,000
	130,000
	2,100,000
	3,395,000
	<u>4,535,000</u>
<u>\$ 0</u>	<u>\$ 10,465,000</u>
\$ 21,242	\$ 21,242
	42,692
	<u>1,467,893</u>
<u>\$</u>	<u>\$ 1,510,585</u>
<u>\$</u>	<u>\$ 11,975,585</u>

The accompanying notes are an integral part of the financial statements.

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STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN CASH BALANCES – GOVERNMENTAL FUND TYPE

WOODFORD COUNTY  
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN CASH BALANCES – GOVERNMENTAL FUND TYPE

For The Fiscal Year Ended June 30, 2003

	General Fund Types			
	General Fund	Road and Bridge Fund	Jail Fund	Local Government Economic Assistance Fund
<u>Cash Receipts</u>				
Schedule of Operating Revenue	\$ 8,753,747	\$ 680,528	\$ 645,649	\$ 22,637
Other Financing Sources:				
Transfers In		776,638	433,897	
Total Cash Receipts	<u>\$ 8,753,747</u>	<u>\$ 1,457,166</u>	<u>\$ 1,079,546</u>	<u>\$ 22,637</u>
<u>Cash Disbursements</u>				
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 7,102,597	\$ 1,476,064	\$ 1,083,688	\$ 20,000
Public Properties Corporation				
Community Center Bond Fund - Construction Expenses				
Jail Bond Fund - Miscellaneous Expenses				
Other Financing Uses:				
Transfers Out	1,689,563			
Bonds:				
Principal Paid				
Interest Paid				
Kentucky Association of Counties				
Leasing Trust - Principal Payment	12,000			
Total Cash Disbursements	<u>\$ 8,804,160</u>	<u>\$ 1,476,064</u>	<u>\$ 1,083,688</u>	<u>\$ 20,000</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ (50,413)	\$ (18,898)	\$ (4,142)	\$ 2,637
Cash Balance - July 1, 2002	1,465,320	18,898	26,120	28,371
Cash Balance - June 30, 2003	<u>\$ 1,414,907</u>	<u>\$ 0</u>	<u>\$ 21,978</u>	<u>\$ 31,008</u>

The accompanying notes are an integral part of the financial statements.

WOODFORD COUNTY  
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
 AND CHANGES IN CASH BALANCES – GOVERNMENTAL FUND TYPE  
 For The Fiscal Year Ended June 30, 2003  
 (Continued)

Special Revenue Fund Types		Capital Projects Fund Type	Debt Service Fund Types	
State Grant Fund	Federal Grant Fund	Public Properties Corporation Community Center Construction Fund	Public Properties Corporation Courthouse Bond Fund	Public Properties Corporation Jail Bond Fund 1993 Series
\$ 119,796	\$ 923,172	\$ 36,132	\$	\$
			70,260	201,705
\$ 119,796	\$ 923,172	\$ 36,132	\$ 70,260	\$ 201,705
\$ 146,883	\$ 934,376	\$	\$	\$
		309,155		255
			60,000	85,000
			7,695	116,705
\$ 146,883	\$ 934,376	\$ 309,155	\$ 67,695	\$ 201,960
\$ (27,087)	\$ (11,204)	\$ (273,023)	\$ 2,565	\$ (255)
60,652	15,329	273,023	35,031	255
\$ 33,565	\$ 4,125	\$ 0	\$ 37,596	\$ 0

The accompanying notes are an integral part of the financial statements.

WOODFORD COUNTY  
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
 AND CHANGES IN CASH BALANCES – GOVERNMENTAL FUND TYPE  
 For The Fiscal Year Ended June 30, 2003  
 (Continued)

	Debt Service Fund Types		
	Public Properties Corporation		
	Courthouse Annex	Community Center	
	Bond Fund	Bond Fund	
	Sinking Fund	Sinking Fund	Totals
	Account	Account	(Memorandum
			Only)
Cash Receipts			
Schedule of Operating Revenue	\$ 224,486	\$ 207,095	\$ 11,613,242
Other Financing Sources:			
Transfers In		207,063 <sup>m</sup>	1,689,563
Total Cash Receipts	\$ 224,486	\$ 414,158	\$ 13,302,805
Cash Disbursements			
Comparative Schedule of Final Budget			
and Budgeted Expenditures	\$	\$	\$ 10,763,608
Public Properties Corporation			
Community Center Bond Fund -			
Construction Expenses			309,155
Jail Bond Fund - Miscellaneous Expenses			255
Other Financing Uses:			
Transfers Out			1,689,563
Bonds:			
Principal Paid	65,000	160,000	370,000
Interest Paid	175,746	254,126	554,272
Kentucky Association of Counties			
Leasing Trust - Principal Payment			12,000
Total Cash Disbursements	\$ 240,746	\$ 414,126	\$ 13,698,853
Excess (Deficiency) of Cash Receipts			
Over (Under) Cash Disbursements	\$ (16,260)	\$ 32	\$ (396,048)
Cash Balance - July 1, 2002	92,950	1,802	2,017,751
Cash Balance - June 30, 2003	\$ 76,690	\$ 1,834	\$ 1,621,703

The accompanying notes are an integral part of the financial statements.

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN CASH BALANCES – PROPRIETARY FUND TYPE



WOODFORD COUNTY  
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN CASH BALANCES – PROPRIETARY FUND TYPE

For The Fiscal Year Ended June 30, 2003

	<u>Enterprise Fund Type</u>
<u>Cash Receipts</u>	<u>Jail Canteen Fund</u>
Receipts - Jail Canteen	<u>\$ 303,451</u>
Total Cash Receipts	<u>\$ 303,451</u>
 <u>Cash Disbursements</u>	
Expenditures - Jail Canteen	<u>\$ 298,467</u>
Total Cash Disbursements	<u>\$ 298,467</u>
Excess of Cash Receipts Over Cash Disbursements	\$ 4,984
Cash Balance - July 1, 2002	<u>16,258</u>
Cash Balance - June 30, 2003	<u><u>\$ 21,242</u></u>

The accompanying notes are an integral part of the financial statements.

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STATEMENT OF CASH FLOWS – PROPRIETARY FUND TYPE



WOODFORD COUNTY  
STATEMENT OF CASH FLOWS – PROPRIETARY FUND TYPE

For The Fiscal Year Ended June 30, 2003

	<u>Enterprise Fund Type</u>
	<u>Jail Canteen Fund</u>
Cash Flows From Operating Activities:	
Operating Income	<u>\$          4,984</u>
Net Cash Provided By Operating Activities	<u>\$          4,984</u>
Net Increase in Cash and Cash Equivalents	\$          4,984
Cash and Cash Equivalents - July 1, 2002	<u>16,258</u>
Cash and Cash Equivalents - June 30, 2003	<u><u>\$         21,242</u></u>

WOODFORD COUNTY  
NOTES TO FINANCIAL STATEMENTS

June 30, 2003

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of Woodford County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Based upon the criteria stated in GASB 14, management has included the Public Properties Corporation Courthouse Bond Fund, Public Properties Corporation Jail Bond Fund, Public Properties Corporation Courthouse Annex Bond Fund and the Public Properties Corporation Community Center Bond Fund as part of the reporting entity.

The Public Properties Corporation Courthouse Bond Fund, Public Properties Corporation Jail Bond Fund, Public Properties Corporation Courthouse Annex Bond Fund and Public Properties Corporation Community Center Bond Fund cannot be sued in their own name without recourse to the Woodford County Fiscal Court, which appoints a voting majority, consisting of the fiscal court members. The fiscal court is able to impose its will on the Corporation. The Corporation is created solely for the benefit of the fiscal court per KRS 58.180 to act as the agent in the acquisition and financing of any public project. The fiscal court has access to the Corporation's resources, is legally obligated to finance the debts of or provide financial support to the Corporation. The Corporation is financially accountable to the fiscal court. These component units are blended within the financial statements of the county.

Additional - Woodford County Constitutional Elected Officials

- Circuit Court Clerk
- County Attorney
- County Clerk
- County Sheriff
- Property Valuation Administrator

The Kentucky constitution provides for election of the above officials from the geographic area constituting Woodford County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities and special districts within the county, and the board of education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices.

B. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The government uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Woodford County Fiscal Court's fund types, a definition of each, and county funds included within each fund type are listed below.

WOODFORD COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2003  
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

B. Fund Accounting (Continued)

1) General Fund Type

General Fund Type accounts for all financial resources except those required to be accounted for in another fund type. The Woodford County General Fund Type includes the following county funds: General Fund, Road and Bridge Fund, Jail Fund, and the Local Government Economic Assistance Fund.

2) Special Revenue Fund Type

Special Revenue Fund Type accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for the specified purpose. The Woodford County Special Revenue Fund Type includes the following county funds: State Grant Fund and the Federal Grant Fund.

3) Debt Service Fund Type

Debt Service Fund Type accounts for the accumulation of resources for the payment of general long-term debt principal and interest and includes funds for the Public Properties Corporation Courthouse Bond Fund, Public Properties Corporation Jail Bond Fund, Public Properties Corporation Courthouse Annex Bond Fund Sinking Fund Account and the Public Properties Corporation Community Center Bond Fund Sinking Fund Account. Debt service is provided through annual transfers from the General Fund Type in the amount of the debt service requirements for the year.

4) Capital Projects Fund Type

Capital Projects Fund Type accounts for financial resources to be used for acquisition of major capital facilities. The Public Properties Corporation Community Center Construction Fund of the Fiscal Court is reported as a Capital Projects Fund Type.

5) Enterprise Fund

The Enterprise Fund Type is used to report an activity for which a fee is charged to external users for goods or services. The Woodford County Enterprise Fund Type includes the jail canteen fund, which is maintained by the county jailer.

The canteen operations are authorized pursuant to KRS 441.135(1), which allows the jailer to sell snacks, sodas, and other items to inmates. The profits generated from the sale of those items are to be used for the benefit or recreation of the inmates. KRS 441.135(2) requires the jailer to maintain accounting records and report annually to the county treasurer the receipts and disbursements of the jail canteen. Technical Audit Bulletin 93-002 provides additional accounting and expenditure guidance for acceptable jail canteen operations. All profit expenditures were for the benefit and/or recreation of the inmates.

WOODFORD COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2003  
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting

For all fund types, the county utilizes a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received, except for the recording of long-term receivables. Expenditures are recognized when paid, except for the recording of long-term obligations and amounts to be provided in future years.

D. Legal Compliance - Budget

The Woodford County budget is adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer. The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

Formal budgets are not adopted for the Capital Projects Fund Type and Debt Service Fund Type because bond indentures and other relevant contractual provisions require specific payments to and from these funds annually and transfers are budgeted in the General Fund Type/Special Revenue Fund Type to comply with these requirements. The Department for Local Government does not require these funds to be budgeted.

E. Cash and Investments

Cash includes amounts in bank accounts, and investments are stated at cost. Investments may include certificates of deposit on the financial statements; however, for the purpose of disclosing credit risk (Note 3), investments exclude certificates of deposit.

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

For the purpose of the statement of cash flows, the county considers all highly liquid investments with a maturity date of three months or less when purchased to be cash equivalents.

WOODFORD COUNTY  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2003  
 (Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

F. Related Organizations

A related organization is an entity for which a primary government is not financially accountable. It does not impose will or have a financial benefit or burden relationship, even if the primary government appoints a voting majority of the related organization's governing board. Based on these criteria, the following are considered related organizations of Woodford County Fiscal Court:

Woodford County Hospital District	South Woodford County Water District
Northeast Woodford County Water District	Woodford County Library District
Woodford County Tourism Commission	Woodford County Conservation District
Woodford County Health District	

G. Joint Ventures

A legal entity or other organization that results from a contractual agreement and that is owned, operated, or governed by two or more participants as a separate activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility is a joint venture. The following are joint ventures in which Woodford County is a participant:

Versailles - Woodford County Parks and Recreation Department  
 Versailles - Woodford County Economic Development Authority  
 Versailles, Midway and Woodford County Planning and Zoning Commission

Note 2. Employee Retirement System

The county has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system which covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 6.34 percent. Hazardous covered employees are required to contribute 8 percent of their salary to the plan. The county's contribution rate for hazardous employees was 16.28 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report.

WOODFORD COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2003  
(Continued)

Note 3. Deposits

The county maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of June 30, 2003, the county's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the county's agent in the county's name, or provided surety bond which named the county as beneficiary/obligee on the bond.

Note 4. Long-Term Debt

- A. On July 1, 1968, the Woodford County Public Properties Corporation issued \$1,110,000 in non-voted general obligation courthouse bonds. Principal payments are due July 1 and interest, which varies from 5.35% to 5.4%, is payable semiannually on January 1, and July 1. The outstanding principal balance as of June 30, 2003, was \$130,000.

<u>Fiscal Year Ended June 30</u>	<u>Scheduled Interest</u>	<u>Scheduled Principal</u>
2004	\$ 5,265	\$ 65,000
2005	1,755	65,000
Totals	<u>\$ 7,020</u>	<u>\$ 130,000</u>

- B. On July 1, 1993, the Woodford County Public Properties Corporation issued \$2,660,000 in Series A, non-voted public project refunding revenue bonds for the jail project. Principal payments are due November 1 and interest, which varies from 2.25% to 5.60%, is payable semiannually on May 1 and November 1. The outstanding principal balance as of June 30, 2003, was \$2,100,000.

<u>Fiscal Year Ended June 30</u>	<u>Scheduled Interest</u>	<u>Scheduled Principal</u>
2004	\$ 112,525	\$ 90,000
2005	107,968	95,000
2006	102,915	105,000
2007	97,481	105,000
2008	91,620	115,000
2009-2013	353,949	680,000
2014-2018	133,840	910,000
Totals	<u>\$ 1,000,298</u>	<u>\$ 2,100,000</u>



WOODFORD COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2003  
(Continued)

Note 4. Long Term Debt (Continued)

- C. On November 1, 1997, the Woodford County Public Properties Corporation issued \$3,635,000 in lease revenue bonds for the purpose of constructing a courthouse annex. Principal payments are due February 1 and interest, which varies from 4.00% and 5.20%, is payable semiannually on August 1 and February 1. The outstanding principal balance as of June 30, 2003, was \$3,395,000.

Fiscal Year Ended June 30	Scheduled Interest	Scheduled Principal
2004	\$ 172,984	\$ 65,000
2005	170,156	70,000
2006	167,041	75,000
2007	163,366	75,000
2008	159,691	80,000
2009-2013	734,811	465,000
2014-2018	605,661	595,000
2019-2023	436,218	765,000
2024-2028	217,100	975,000
2029	11,960	230,000
Totals	<u>\$ 2,838,988</u>	<u>\$ 3,395,000</u>

Also on November 1, 1997, Woodford County entered into a sublease agreement with the Administrative Office of the Courts (AOC) which states that the AOC agrees to pay Woodford County a yearly use allowance equal to the lesser of the debt service payments on the bonds or \$221,260 per annum. The AOC has an exclusive option to renew this agreement from biennium to biennium (July 1/June 30) for periods of two years at a time, until February 1, 2029.

- D. On February 1, 2000, the Woodford County Public Properties Corporation issued \$5,490,000 in non-voted general obligation courthouse bonds to construct a community center. Principal payments are due February 1, and interest, which varies from 5.375% to 5.45%, is payable semiannually on August 1 and February 1. The outstanding principal balance as of June 30, 2003, was \$4,535,000.

Fiscal Year Ended June 30	Scheduled Interest	Scheduled Principal
2004	\$ 245,526	\$ 170,000
2005	236,389	180,000
2006	226,714	190,000
2007	216,501	200,000
2008	205,751	210,000
2009-2013	847,619	1,225,000
2014-2018	479,328	1,590,000
2019-2020	63,493	770,000
Totals	<u>\$ 2,521,321</u>	<u>\$ 4,535,000</u>

WOODFORD COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2003  
(Continued)

Note 4. Long Term Debt (Continued)

D. (Continued)

Also, on February 1, 2000, an Interlocal Agreement was signed between Woodford County and the City of Versailles that states each party will share equally in the facility's budget, including the debt service payments on the bonds.

Note 5. Capital Lease Agreement

On December 8, 1994, Woodford County entered into a \$387,000 capital lease agreement with the Kentucky Association of Counties Leasing Trust Program for the construction of a Conservation District Building, with the repayment to be made over a twenty-five year period. Principal payments are due January 20, and interest, which is set at a fixed rate of 5.95%, is due monthly. The outstanding principal balance as of June 30, 2003, was \$305,000.

Fiscal Year Ended June 30	Scheduled Interest	Scheduled Principal
2004	\$ 20,920	\$ 12,000
2005	20,054	13,000
2006	19,118	14,000
2007	18,113	15,000
2008	17,067	15,000
2009-2013	67,815	90,000
2014-2018	31,925	118,000
2019	1,139	28,000
Totals	<u>\$ 196,151</u>	<u>\$ 305,000</u>

Note 6. Commitments and Contingencies

The Economic Development Authority has a loan of \$6,300,000 dated December 11, 2001 of which only \$4,311,507 had been drawn down through June 30, 2003. The loan is guaranteed by Woodford County and City of Midway and secured by real estate. The fiscal court agreed to pay half the interest on the loan and expects to be reimbursed when the industrial park is sold.

Note 7. Insurance

For the fiscal year ended June 30, 2003, Woodford County was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

WOODFORD COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2003  
(Continued)

Note 8. Subsequent Event

The Woodford County Public Properties Corporation, at the direction of the County, authorized its Woodford County General Obligation Refunding Bonds, Series 2003A, dated October 1, 2003, in the principal amount of \$2,115,000 in order to refinance the Corporation's Jail Revenue Bonds, Series 1993. Principal payments are due November 1 and interest, which is set at a fixed rate of 3.36%, is payable semiannually on May 1 and November 1. The General Obligation Refunding Bonds are set to mature on November 1, 2017.

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COMPARATIVE SCHEDULE OF  
BUDGETED TO ACTUAL OPERATING REVENUE



WOODFORD COUNTY  
COMPARATIVE SCHEDULE OF  
BUDGETED TO ACTUAL OPERATING REVENUE

For The Fiscal Year Ended June 30, 2003

<u>Budgeted Funds</u>	<u>Budgeted Operating Revenue</u>	<u>Actual Operating Revenue</u>	<u>Over (Under) Budget</u>
<u>General Fund Type</u>			
General Fund	\$ 8,082,005	\$ 8,753,747	\$ 671,742
Road and Bridge Fund	673,882	680,528	6,646
Jail Fund	544,049	645,649	101,600
Local Government Economic Assistance Fund	18,000	22,637	4,637
<u>Special Revenue Fund Type</u>			
State Grant Fund	218,564	119,796	(98,768)
Federal Grant Fund	1,455,075	923,172	(531,903)
Totals	<u>\$ 10,991,575</u>	<u>\$ 11,145,529</u>	<u>\$ 153,954</u>
<u>Reconciliation</u>			
Total Budgeted Operating Revenue Above			\$ 10,991,575
Add: Budgeted Prior Year Surplus			1,524,092
Less: Other Financing Uses			<u>(510,516)</u>
Total Operating Budget Per Comparative Schedule Of Final Budget and Budgeted Expenditures			<u>\$ 12,005,151</u>

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SCHEDULE OF OPERATING REVENUE



WOODFORD COUNTY  
SCHEDULE OF OPERATING REVENUE

For The Fiscal Year Ended June 30, 2003

GOVERNMENTAL FUND TYPES					
Revenue Categories	General Fund Type	Special Revenue Fund Type	Capital Projects Fund Type	Debt Service Fund Type	Totals (Memorandum Only)
Taxes	\$ 6,449,178	\$	\$	\$	\$ 6,449,178
Excess Fees	73,218				73,218
Licenses and Permits	33,973				33,973
Intergovernmental Revenues	2,640,432	1,042,968	36,132	428,323	4,147,855
Charges for Services	588,701				588,701
Miscellaneous Revenues	273,327				273,327
Interest Earned	43,732			3,258	46,990
Total Operating Revenue	<u>\$ 10,102,561</u>	<u>\$ 1,042,968</u>	<u>\$ 36,132</u>	<u>\$ 431,581</u>	<u>\$ 11,613,242</u>

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COMPARATIVE SCHEDULE OF  
FINAL BUDGET AND BUDGETED EXPENDITURES



WOODFORD COUNTY  
COMPARATIVE SCHEDULE OF  
FINAL BUDGET AND BUDGETED EXPENDITURES

For The Fiscal Year Ended June 30, 2003

Expenditure Categories	GENERAL FUND TYPE		
	Final Budget	Budgeted Expenditures	Under (Over) Budget
General Government	\$ 2,027,536	\$ 1,846,622	\$ 180,914
Protection to Persons and Property	2,929,857	3,053,222	(123,365)
General Health and Sanitation	1,182,726	1,032,782	149,944
Social Services	133,839	132,380	1,459
Recreation and Culture	635,219	619,546	15,673
Roads	1,454,892	1,394,823	60,069
Bus Service	23,600	27,582	(3,982)
Debt Service	18,564	21,758	(3,194)
Capital Projects	100,000	2,669	97,331
Administration	1,825,279	1,550,965	274,314
Total Operating Budget - General Fund Type	\$ 10,331,512	\$ 9,682,349	\$ 649,163
Other Financing Uses:			
Transfers to Public Properties			
Corporation Community Center			
Bond Fund	207,064	207,063	1
Transfers to Public Properties			
Courthouse Annex Bond Fund	19,487		19,487
Transfers to Public Properties			
Corporation Courthouse Bond Fund	70,260	70,260	
Transfers to Public Properties			
Corporation Jail Bond Fund	201,705	201,705	
Lease Agreement -			
Conservation District Building			
Principal on Lease	12,000	12,000	
TOTAL BUDGET - GENERAL FUND TYPE	<u>\$ 10,842,028</u>	<u>\$ 10,173,377</u>	<u>\$ 668,651</u>

WOODFORD COUNTY  
 COMPARATIVE SCHEDULE OF  
 FINAL BUDGET AND BUDGETED EXPENDITURES  
 For The Fiscal Year Ended June 30, 2003  
 (Continued)

Expenditure Categories	SPECIAL REVENUE FUND TYPE		
	Final Budget	Budgeted Expenditures	Under (Over) Budget
Protection to Persons and Property	\$ 48,604	\$ 33,355	\$ 15,249
General Health and Sanitation		958	(958)
Recreation and Culture	215,460	142,907	72,553
Capital Projects	1,325,000	899,652	425,348
Administration	84,575	4,387	80,188
TOTAL BUDGET - SPECIAL REVENUE FUND TYPE	<u>\$ 1,673,639</u>	<u>\$ 1,081,259</u>	<u>\$ 592,380</u>



REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS





CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Joe D. Gormley, Woodford County Judge/Executive  
Members of the Woodford County Fiscal Court

Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of Financial  
Statements Performed In Accordance With Government Auditing Standards

We have audited the financial statements of Woodford County, Kentucky, as of and for the year ended June 30, 2003, and have issued our report thereon dated February 9, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Woodford County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Woodford County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.



Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of Financial  
Statements Performed In Accordance With Government Auditing Standards  
(Continued)

This report is intended solely for the information and use of management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than the specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen", with a long horizontal flourish extending to the right.

Crit Luallen  
Auditor of Public Accounts

Audit fieldwork completed -  
February 9, 2004

REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133





CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Joe D. Gormley, Woodford County Judge/Executive  
Members of the Woodford County Fiscal Court

Report On Compliance With Requirements  
Applicable To Each Major Program And On Internal Control  
Over Compliance In Accordance With OMB Circular A-133

Compliance

We have audited the compliance of Woodford County, Kentucky, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2003. Woodford County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Woodford County's management. Our responsibility is to express an opinion on Woodford County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Woodford County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Woodford County's compliance with those requirements.

In our opinion, Woodford County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2003.



Report On Compliance With Requirements  
Applicable To Each Major Program And On Internal Control  
Over Compliance In Accordance With OMB Circular A-133  
(Continued)

Internal Control Over Compliance

The management of Woodford County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Woodford County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than the specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen", with a long horizontal flourish extending to the right.

Crit Luallen  
Auditor of Public Accounts

Audit fieldwork completed -  
February 9, 2004



## FINDINGS AND QUESTIONED COSTS



WOODFORD COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For The Fiscal Year Ended June 30, 2003

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Woodford County.
2. No reportable conditions relating to the audit of the financial statements are reported in the Independent Auditor's Report.
3. No instances of noncompliance material to the financial statements of Woodford County were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal awards programs are reported in the Independent Auditor's Report.
5. The auditor's report on compliance for the audit of the major federal awards programs for Woodford County expresses an unqualified opinion.
6. There are no audit findings relative to the major federal awards programs for Woodford County reported in Part C of this schedule.  
The programs tested as major program was the Huntertown Relocation Project-CFDA #14.228.
7. The threshold for distinguishing Type A and B programs was \$300,000.
8. Woodford County was not determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

REPORTABLE CONDITIONS

None.

NONCOMPLIANCES

None.

PRIOR YEAR FINDINGS FINANCIAL STATEMENT AUDIT

The County Should Require Depository Institutions To Pledge Or Provide Sufficient Collateral To Protect Deposits

This comment has been corrected.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS PROGRAM  
AUDIT

None.

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS



WOODFORD COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Fiscal Year Ended June 30, 2003

Federal Grantor Program Title <u>Grant Name (CFDA #)</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
Cash Programs:		
U.S. Department of Housing and <u>Urban Development</u>		
Passed-Through State Department for Local Government:		
Community Development Block Grants - Huntertown Relocation Project (CDFA #14.228)	Unknown	\$ 899,652
U.S. Department of Transportation		
Passed-Through State Justice Cabinet:		
State and Community Highway Safety Program (Traffic Alcohol Program) (CFDA #20.600)	Unknown	30,337
U. S. Federal Emergency Management Agency		
Passed-Through State Department of Military Affairs:		
Disaster and Emergency Assistance Grants- Coordinator Salary (CFDA #83.503)	Unknown	6,052
Public Assistance Grant (CFDA #83.544)	Not Applicable	<u>272,815</u>
Total Cash Expenditures of Federal Awards		<u>\$ 1,208,856</u>

WOODFORD COUNTY  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Fiscal Year Ended June 30, 2003

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Woodford County, Kentucky and is presented on the modified cash basis of accounting. The information in the schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local, Governments, and Non-Profit Organizations.

Note 2 - As required by this grant agreement, all program moneys received by the recipient after the completion of all recipient grant activities shall be used by the recipient for community or economic development activities eligible for assistance under Title I of the Housing and Community Development Act of 1974, so specified in the Commonwealth of Kentucky's Community Development Block Grant Eligible Activities Policy Statement.



CERTIFICATION OF COMPLIANCE -  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM

WOODFORD COUNTY FISCAL COURT


For The Fiscal Year Ended  
June 30, 2003




CERTIFICATON OF COMPLIANCE  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM  
WOODFORD COUNTY FISCAL COURT

Fiscal Year Ended June 30, 2003

The Woodford County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistant Program was expended for the purpose intended, as dictated by the applicable Kentucky Revised Statutes.

  
\_\_\_\_\_  
Name  
Judge Executive

  
\_\_\_\_\_  
Name  
County Treasurer



